

## **Title 18. State Board of Equalization**

### **NOTICE IS HEREBY GIVEN**

The State Board of Equalization, pursuant to the authority vested in it by section 15606(a) of the Government Code, proposes to amend Regulation 1616, Federal Areas, in Title 18, Division 2, Chapter 4, of the California Code of Regulations, relating to sales and use tax. A public hearing on the proposed regulations will be held in Room 121, 450 N Street, Sacramento, at 9:30 a.m., or as soon thereafter as the matter may be heard, on December 4, 2003. At the hearing, any person interested may present statements or arguments orally or in writing relevant to the proposed regulatory action. The Board will consider written statements or arguments if received by December 4, 2003.

### **INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

Current law, Revenue and Taxation Code sections 6011 (use tax) and 6012 (sales tax), provide that sales price (use tax) and gross receipts (sales tax) include all receipts for property sold, with certain exclusions. Regulation 1616, Federal Areas, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code sections 6011(c)(12) and 6012(c)(12), enacted by AB 2701 (Stats. 2002, Ch. 593).

Specifically, it is proposed that subdivision (d)(3)(C) be added to Regulation 1616 to provide that, operative January 1, 2003, the sales price or gross receipts subject to the California sales or use tax do not include the amount of tax imposed by an Indian tribe on its reservation with respect to a retail sale of tangible personal property on the Indian tribe's reservation, provided that the retailer is in substantial compliance with the Sales and Use Tax Law.

### **COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS**

The State Board of Equalization has determined that the proposed regulation does not impose a mandate on local agencies or school districts. Further, the Board has determined that the proposed regulation will result in no direct or indirect cost or savings to any State agency, any cost to local agency or school district that are required to be reimbursed under Part 7 (commencing with section 17500) of Division 4 of Title 2 of the Government Code or other non-discretionary cost or savings imposed on local agencies, or cost or savings in Federal funding to the State of California.

### **EFFECT ON BUSINESS**

Pursuant to Government Code section 11346.5(a)(8), the Board of Equalization makes an initial determination that the adoption of proposed Regulation 1616 will have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete in other states.

The adoption of the proposed regulation will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The proposed regulation may affect small business.

### **COST IMPACT ON PRIVATE PERSON OR BUSINESSES**

That Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

### **SIGNIFICANT EFFECT ON HOUSING COSTS**

No significant effect.

### **FEDERAL REGULATIONS**

Regulation 1616 and the proposed changes have no comparable federal regulations.

### **AUTHORITY**

Section 7051, Revenue and Taxation Code.

### **REFERENCE**

Sections 6011 and 6012 Revenue and Taxation Code.

### **CONTACT**

Questions regarding the substance of the proposed regulation should be directed to Ms. Mariflor Jimenez (916) 324-2952, at 450 N Street, Sacramento, CA 95814, e-mail [Mariflor.Jimenez@boe.ca.gov](mailto:Mariflor.Jimenez@boe.ca.gov) or MIC:50, P.O. Box 942879, 450 N Street, Sacramento, CA 94279-0050.

Written comments for the Board's consideration, notice of intent to present testimony or witnesses at the public hearing, and inquiries concerning the proposed administrative action should be directed to Diane Olson, Regulations Coordinator, telephone (916) 322-9569, fax (916) 324-3984, e-mail [Diane.Olson@boe.ca.gov](mailto:Diane.Olson@boe.ca.gov) or Ms. Karen Anderson, Contribution Disclosures Analyst, telephone (916) 327-1798, e-mail [Karen.Anderson@boe.ca.gov](mailto:Karen.Anderson@boe.ca.gov) or by mail at State Board of Equalization, Attn: Diane Olson or Karen Anderson, MIC:80, P.O. Box 942879, 450 N Street, Sacramento, CA 94279-0080.

### **ALTERNATIVES CONSIDERED**

The Board must determine that no reasonable alternative considered by it or that has been otherwise identified and brought to its attention would be more effective in carrying out the

purpose for which this action is proposed, or be as effective and less burdensome to affected private persons than the proposed action.

#### **AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION**

The Board has prepared an initial statement of reasons and an underscored version (express terms) of the proposed regulation. Both of these documents and all information on which the proposal is based are available to the public upon request. The Rulemaking file is available for public inspection at 450 N Street, Sacramento, California. The express terms of the proposed regulation are available on the Internet at the Board's web site <http://www.boe.ca.gov>.

#### **AVAILABILITY OF FINAL STATEMENT OF REASONS**

The final statement of reasons will be made available on the Internet at the Board's web site following its public hearing of the proposed regulation. It is also available for your inspection at 450 N Street, Sacramento, California.

#### **ADDITIONAL COMMENTS**

Following the hearing, the State Board of Equalization may, in accordance with the law, adopt the proposed regulations if the text remains substantially the same as described in the text originally made available to the public. If the State Board of Equalization makes modifications which are substantially related to the originally proposed text, the Board will make the modified text, with the changes clearly indicated, available to the public for fifteen days before adoption of the regulation. The text of any modified regulation will be mailed to those interested parties who commented on the proposed regulatory action orally or in writing or who asked to be informed of such changes. The modified regulation will be available to the public from Ms. Olson. The State Board of Equalization will consider written comments on the modified regulation for fifteen days after the date on which the modified regulation is made available to the public.